

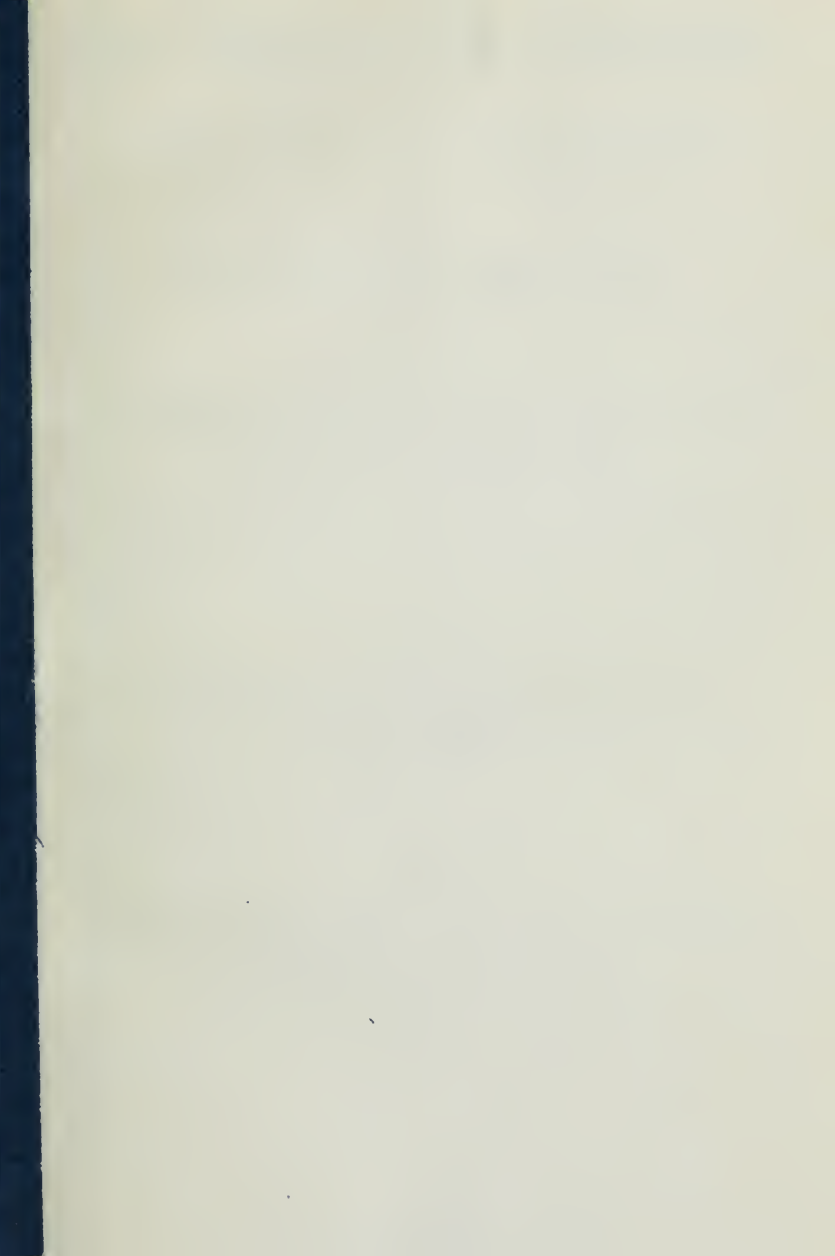


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The duty on fire insurances,  
erroneous in principle and  
injurious in practice

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# The Duty on Fire Insurances

ERRONEOUS IN PRINCIPLE,

AND

INJURIOUS IN PRACTICE.

AN APPEAL TO PARLIAMENT AND THE PUBLIC, IN BEHALF  
OF THE "ULTIMATE ABOLITION" OF THE TAX,  
AND ITS "IMMEDIATE REDUCTION"

FROM

THREE SHILLINGS TO ONE SHILLING PER CENT.

BY

H. RISEBOROUGH SHARMAN, F.S.S.,

ONE OF THE EDITORS OF "THE INSURANCE GAZETTE;" AUTHOR OF  
"LIFE ASSURANCE LEAFLETS," ETC.

ISSUED BY

"THE ASSOCIATION FOR THE ABOLITION OR REDUCTION  
OF THE DUTY ON FIRE INSURANCES."

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# CONTENTS.

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## CHAPTER I.

Introduction . . . . .	PAGE 5
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## CHAPTER II.

A high rate of duty checks Insurance, while a low rate promotes it. Proofs of this from the history of the Tax in this country, and from the comparative progress of Fire Insurances in France. The exist- ing duty shown to be "injurious in its effects" . . . . .	6
---	---

## CHAPTER III.

The duty shown to be also "wrong in principle" . . . . .	9
--	---

## CHAPTER IV.

Showing what has already been done to reduce the Tax, with a view to its ultimate abolition . . . . .	20
--	----

## CHAPTER V.

Showing why the Fire Insurance Offices should take the matter up, both as a duty, and as a method of immediately and immensely increasing their business. Advantages of a reduction of the duty to all classes of Society . . . . .	24
--	----

## CHAPTER VI.

Conclusion . . . . .	30
----------------------	----

# LIFE ASSURANCE LEAFLETS.

BY H. RISEBOROUGH SHARMAN, F.S.S.,

ONE OF THE EDITORS OF THE "INSURANCE GAZETTE;" AUTHOR OF "WHY SHOULD I INSURE MY LIFE?" &c.

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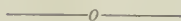
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# THE DUTY ON FIRE INSURANCES,

*&c., &c.*



## CHAPTER I.

### INTRODUCTION.

FOR some years past there has been a strong, and we may say a growing conviction, that the Fire Insurance duties are not only unjust, but also impolitic. Various efforts have been made—though, hitherto, we regret to say, without complete success—to secure the abolition, or at any rate a material reduction of these duties. During the past Session of Parliament (1860), and that which immediately preceded it, the subject was brought before the Legislature in a shape which secured for it a very favourable reception—a reception, in fact, such as is but rarely accorded to any proposition for a fiscal reform so early in its history. So powerful, indeed, was the impression made, not only on the Government, but on the House of Commons as a body, that the promoters of the movement have been greatly encouraged, though their object as yet is far from being fully accomplished. Next Session they will renew their efforts with redoubled energy, relying on the cordial co-operation of the public, whose interests are so deeply involved in their success; and even should they again fail, which they would fain hope will not be the case, they will only derive from a third defeat fresh reasons for redoubled energy in the prosecution of their object, which they feel deserves the earnest support of every section of society.

Many motions of great public interest have been defeated year after year, and yet they have eventually become the law of the land; and the advocates of the immediate reduction, and ultimate abolition of the duties on Fire Insurances, feel persuaded that

when success shall eventually crown their exertions, they will meet with the cordial congratulations of the vast masses of their fellow-countrymen upon whom they will thus have been the means, instrumentally, of conferring a boon of no ordinary magnitude.

The object of the present pamphlet, somewhat hurriedly thrown together, is to collect, concentrate, and present to the public, in a popular and intelligible form, the leading facts and arguments in favour of a reduction of the duty in question. In spite of many deficiencies, of which the author is fully conscious, in the execution of the task he has undertaken at the request of the "Association," he feels nevertheless persuaded that he has made out such a case that no unprejudiced reader will be able to follow him to the close of his remarks without arriving at the conclusion which he and his friends have reached, viz., that the time has now fully come when a material reduction of this duty from 3s. to 1s. per cent. ought to be frankly and unreservedly conceded by the Government.

Any suggestions for the furtherance of this great object will be gratefully accepted and carefully considered with a view to their adoption; and as none of these public measures, however desirable and beneficial they may be, can be carried without considerable cost, the donations and subscriptions of those desirous of seeing the duty reduced, and willing to assist, will be thankfully received by "*The Association for the Reduction or Abolition of the Duties on Fire Assurances*," at their Offices, 32, Fleet Street (E.C.), or by the author of this pamphlet, at the *Insurance Gazette* Office, 57, Cheapside (E.C.), London.

## CHAPTER II.

A HIGH RATE OF DUTY CHECKS INSURANCE, WHILE A LOW RATE OF DUTY FOSTERS IT. PROOFS OF THIS FROM THE HISTORY OF THE TAX IN THIS COUNTRY, AND FROM THE COMPARATIVE PROGRESS OF INSURANCES IN FRANCE. THE DUTY SHOWN TO BE "INJURIOUS IN ITS EFFECTS."

For now nearly 200 years, we have had, in this country, in some shape or other, insurances against the destruction or damage of property by fire. In a pamphlet, intended as this is, for popular perusal, it would be obviously inexpedient to attempt to trace, in

detail, the various schemes which have from time to time been set on foot, and to expatiate upon their merits and demerits, with attention to minutiae. We shall touch on such points only as bear, with more or less force and directness, upon the comparative effects of increased and diminished duties. Here we have difficulties of no ordinary magnitude to contend with on every hand, in seeking after that accuracy and completeness without which statistics are worse than useless, because delusive. This is especially the case in regard to the earlier periods, and even when we come to the Parliamentary returns themselves, we discover that they are not framed in such a manner as to satisfy the requirements of the exacting statistician.

In dealing with this part of our subject we shall freely avail ourselves of the very able paper of Samuel Brown, Esq., F.S.S., read before the Statistical Society, April 21st, 1857, and refer, as we go along, to the only *defence* of the duty which has ever appeared, viz. the Report which Mr. Coode prepared, at the close of 1856, in obedience to the instructions which he received from Sir G. C. Lewis, then Chancellor of the Exchequer. Mr. Brown's paper is marked by immense industry in the collection, and by great judgment in the arrangement of the facts and figures of the case. Of Mr. Coode's report we may simply state, at the outset, that, though displaying great ability, it can be regarded in no other light than as the "special pleading" of an advocate retained for the purpose of putting in a plea for that retention of the tax, which the Chancellor of the Exchequer at the time thought desirable; and that all such of his arguments as are deserving of notice, are conclusively refuted in the masterly and exhaustive paper of Mr. Brown.

But let us come to the rise and progress of the tax:—In 1694 (5 Will. & Mary, c. 21) the stamp duty was 6*d.* on the policy for four years; in 1698 (9 Will. 3, c. 25) 6*d.* was added, making the duty 1*s.* It rose in 1711 to 3*s.* 4*d.*; in 1713 to 3*s.* 10*d.*; in 1736 to 4*s.* 10*d.*; in 1765 to 5*s.*; in 1775 to 6*s.*, and in 1776 to 11*s.* (on 1000*l.* and over.) *In these years we have no return of the value of property insured, the duty was a stamp duty on the policy, but the property insured, in 1782, amounted to 173½ millions.* In 1782, however, a tax of 1*s.* 6*d.* per cent. was charged, making a duty of 6*s.* under, and 11*s.* over 1000*l.* What was the effect of this increase of duty? Simply this, that, in spite of the progressive increase of the insurable property of the country, the property actually insured decreased from 173 millions, in 1783, to about 132 millions in 1786; although the amount of the insurable property of the country must have gone on increasing immensely all the while! Surely such a fact, based as it is upon the most reliable data that can be procured, speaks volumes in favour of the proposition we contend for—that the duty on fire insurances is *injurious in its effects*, and ought at once to be reduced.

Considerable opposition was made in the city to these high rates, and in 1797 the duties on policies were respectively reduced to

3s. and 6s. The amount insured increased from 1788, till it reached nearly 188 $\frac{1}{3}$  million pounds, in the year ending 1st August, 1796, being an increase at the rate of about 5,556,000*l.* per annum. In the following year, when the per centage duty was increased by one-third, it fell to 181 $\frac{1}{2}$  million pounds, from which it again increased till it reached 238 million pounds, for the year ending 5th January, 1804, being at the rate of 8,081,000*l.* per annum. In that year the per centage duty was raised to 2s. 6*d.*, but the policy duty reduced to 1s., a very considerable reduction; and from 1804 to 1815 the sums insured increased from 238 million pounds to about 389 $\frac{1}{4}$  million pounds, being an increase of 13,742,000*l.* per annum. The duty being again increased in September, 1815, and made 3s. per cent., appears to have caused an absolute diminution of insurances, varying from 4 $\frac{1}{2}$  to 7 million pounds, in the next and two following years; from that period till 1834 no further change was made in the duties till the exemption of agricultural stock from duty from 24th June, 1833, and from January, 1835, to January, 1855, the sums insured increased from about 484 million pounds to 802 $\frac{1}{2}$  million pounds, and the agricultural stock (exempt) from 37 $\frac{1}{4}$  million pounds to 62 $\frac{1}{4}$  million pounds, or together about 17,185,000*l.* per annum. This shows what a reduction of these imposts will bring about.

This is one of the things which all must admit they really do "manage better in France." The amount of property insured in England, large as it may appear, sinks into comparative insignificance as compared with what is taking place in France, although we have had such insurances nearly two centuries, while they have only known them less than half a century. The great English Fire Insurance Company, the *Sun*, was established in 1710; and in its 145th year (1855) it insured (exclusive of foreign insurances) property to the extent of 140,441,000*l.*, while the *Nationale*, established only in 1810, and, consequently, only in its 35th year, insured 203,000,000*l.*, nearly half as much again as an English company 110 years older! In fact, the insurances in France are *nearly double* those of England.\* Surely, therefore, this obnoxious tax is injurious in its operation, as it tends to check insurance.

\* Our case is so strong that there is no need to strain any point: we shall, therefore, freely admit that the peculiarities of the law of French insurances *partly* contributes towards this disparity, it being provided by Art. 1733 of the Civil Code, that "The tenant must answer for a fire unless he can *prove* that it happened by accident, or by fault of construction, or that the fire was communicated from an adjoining house:" and Article 1734 says, "If there are several tenants, all are fully responsible for the fire, unless they can *prove* that the fire commenced in the dwelling part of any one of them, in which case he alone shall be held liable, or unless some can prove that it was not possible that the fire could commence in their portion of the dwelling, in which case they shall be exempt." Mr. Brown states that one of the French Mutual Companies offers to guarantee tenants against this responsibility at one-third of the usual rate, if the *building* is insured by the Society, and one-half if it is not.

## CHAPTER III.

## THE TAX ON FIRE INSURANCES SHOWN TO BE WRONG IN PRINCIPLE.

MR. SAMUEL BROWN, the actuary of the *Guardian* Office, to whose laborious and able paper on this subject we have already referred, says of this tax, that it has, almost since it was first levied, met with reprobation as a tax on prudence, a heavy discouragement to the extension of the business; and even if it could be admitted to be just and moral to tax the exercise of prudence more heavily than self-indulgence, it is so disproportioned to the average taxation on other objects, that general surprise has been excited at the defence of it by the Chancellor of the Exchequer, and by Mr. Coode's Report, from which his arguments were drawn. Even so far back as 1806, Sir Frederick Eden, in his valuable little work "On the policy and expediency of granting Insurance Charters," denounces the heavy burden which it imposed on the business of fire insurance, when the tax was only 2*s.* 6*d.* per cent. on the sum insured, pointing out that, at the ordinary premium for brick buildings (2*s.* per cent.), the tax was even then 125 per cent. on the value of the risk. Tobacco, sugar, and wine, he adds, are among the few articles which can vie with insurance in contributing so largely to the revenue, in proportion to their value, and none possess the further excellence of being paid into the revenue at the expense of only five per cent. of their gross produce. In 1815, when the war taxation began to be gradually diminished on articles even of needless luxury, this tax was increased by 20 per cent., being raised in that year from 2*s.* 6*d.* to 3*s.* per cent., and notwithstanding the feeling of the public, strongly expressed on many occasions, appeals to the finance minister, petitions from insurance offices, merchants, bankers, and many other classes interested in its removal, it continues to be a heavy clog on the progress of insurance; and from the recent declaration in the House of Commons, *threatens to be maintained perpetually at its present high rate, unless the public will stir themselves for its reduction, even if deterred by the necessities of the State from advocating its entire removal.*

We admit that in times like these, when in many respects the ablest, and in all respects the most ingenious Chancellor we have ever had, presiding over our financial affairs, is driven to his wits end for resources to meet the urgent and enormous demands made upon him, Mr. Brown takes a very prudent and sagacious view of the case in arguing for a *reduction* in place of the *entire abolition*. This, indeed, is the view of the Committee of the Association, who



desire to seek, for the present, a reduction to the extent of two-thirds, which would leave the duty at 1s. per cent.

The Chancellor of the Exchequer, however, opposes not merely the abolition, but even the reduction of the duty; and as his arguments are mainly based upon the Report of Mr. Coode, we cannot do better than reply to some of that gentleman's leading points. On preparing, however, for this portion of our task, we find the work so ably and so conclusively done for us by Mr. Brown, that we shall largely avail ourselves of his labours:—

“Mr. Coode contends that the duty is light, because it bears a very small proportion to the value of the property insured; that in ordinary cases, where the property is fully insured, it does not exceed 1 to 667 of the value, and that even this would give a very exaggerated notion of the actual burden, because no house is wholly destructible, and that by constant improvement in the construction, by increase of party walls, &c., the amount of incombustible materials is constantly increasing. He considers that the practice of insuring one-third to two-thirds of appraised value effectually covers the risk incurred, and the tax consequently diminishes from 1 in 1,000 to 1 in 2,000, in proportion as two-thirds, one-half, or one-third of the value is insured. But it must be observed, that though a portion of the property may be *incombustible*, it does not follow that it must be *uninsurable*; for even iron\* and stone may be so injured by the effects of fire as to be practically useless for the reconstruction of a building, and the duty would probably fall on a considerable part of the value now uninsured, if the amount of it were not so oppressive as to force the owner to be his own insurer. But even if this were not the case, the question is not, whether the tax is heavy upon *property*, but whether it is heavy on the cost of *insurance*? It is clear, that all the duty on the intermediate transfers of consumable commodities *will have to be paid eventually by the consumer*, who, though he may find the increase of price only slightly affected by the duty, may have just cause of complaint that it should be affected at all, when it is an addition laid on by the Government for what he naturally has to pay for the non-destruction by fire of the value of these various articles of provision or use before they reach his hands. The truth is, that Mr. Coode in this part of his argument *loses sight of the tax, as a fire insurance tax, and converts it into an indirect property tax*, chargeable upon the owners or consumers of property who have preserved its value from destruction by fire by an insurance against this risk. *But why should these prudent possessors of property be the only sufferers by the tax, and the possessors of uninsured property escape?* Why should the owners of incombustible or uninsurable property, such as land, the funds, share property, or cash in hand, be placed out of the chance altogether of having to contribute to a tax, which it is evidently argued

\* Some of the largest losses of late years have occurred on Iron Ships in Builders' yards.

falls lightly, only because it is a small tax on the value of property? It should be remembered too, that the tax so levied falls for the most part on buildings, and on articles of consumption or use from which the profits of trade are created, and which, consequently, are already subject to a direct income or property tax. The fire insurance duty has never participated in the reductions which have been forced upon the Government in the other direct taxes, and the proceeds amount to the by no means contemptible sum of 1,340,000*l.*,\* forming nearly a fourth part of what the whole income tax amounted to when it was 7*d.* in the pound.

"But reverting to the duty as a tax, which it really professes to be, a tax upon insurance, Mr. Coode contends, instead of being 200 per cent. upon the premium, as unfairly represented in the complaints made against it, that as the premiums vary from 1*s.* 6*d.* per cent. for private houses of the best class to 4*s.* for agricultural stock, 12*s.* for warehouses, 5 guineas for theatres, &c., the average, as deduced from the returns of a large insurance company, would be not less than 3*s.* per cent., and the duty consequently varies from 200 to 3 per cent. on the premiums, and is only 100 per cent. on the average office value of the risk. He considers that as the duty remains fixed, it presents a happy adjustment of the burden to the means of those who can bear it, being comparatively heavy where the property is most valuable and subjected naturally to the least cost of insurance, and comparatively light as the property is most precarious and subject to the greatest burden in the cost of provision against fire. In this case the question of the duty being a property tax again comes into view, for it is only by assuming that the property is estimated to be more valuable in proportion to the smallness of the premium, that the argument is of any effect. In any other sense it would seem strange, that if the premiums of insurance can be taken as the value of the benefit which the insured derives, a tax of 200 per cent. should be laid upon one individual, because he is the owner of a house, and of only 3 per cent. upon another, because he is the owner of a theatre. *Is there any tax that can be pointed out more unjust in its principle, or more oppressive in its operation than this?*"

Mr. Coode looks upon the objection that these taxes are "taxes on prudence," as merely rhetorical, and contends that it is in the very nature of taxation "to be mainly derived from the exertion of all the moral and physical excellences productive of wealth; for industry, enterprise, fortitude, temperance, prudence are necessarily the main producers of revenue, both private and public; that vicious acts do not in general so continuously produce wealth as to allow of any considerable part of any national revenue to be derived from them; and that in taxing to a considerable extent some stimulants and luxuries, we have probably gone to the full extent

\* Now upwards of £1,500,000.

that is safe or desirable." No doubt the greater part of the growing wealth of the country, liable or contributing to taxation, must be owing in some degree to the exercise of that provident self-denial that does not spend all that it creates by skill or labour, but lays by something for the future; and if all taxation was to be remitted, except what depended on vice or self-indulgence, a large part of the revenue of the country would have to be sacrificed; but this is overstraining the argument. The insurance duty is a tax upon the preservation from destruction by fire, of property which has been acquired by continued labour and the exercise of all those moral excellences which, it is admitted, are generally needed for the production of wealth—*efforts which have been checked and encumbered in their earliest attempts at its creation, and which, in every stage of the process, have been harassed and pursued by the utmost ingenuity of taxation!* When the reward has, after so much toil and so many drawbacks, at last been attained,—when industry, courage, skill, and self-denial have at last succeeded in realizing the hard earned result, it surely could not be considered unreasonable to expect that the *preservation* of it might be free to a certain extent from those fiscal burdens from which it has suffered so long, and not be loaded with an extra tax, out of all proportion to those which it has already passed through.

Amongst a variety of intricate and valuable calculations on the subject, is one which puts down a margin of 80 per cent. of insurable property in London alone, which is still to be brought within the benefits of insurance. A tax, which is the chief cause of such a state of things, must be as "wrong in principle," as we have already shown it to be injurious in its effects.

Having thus shown the tax to be wrong in principle, we may fairly argue that it ought to be reduced, even if it should be shown—which we do not admit—that the Government would thereby sustain a loss of revenue. *Fiat justitiam ruat cælum.*

The existing tax is wrong in principle on the high authority of Mr. Newmarch, Secretary of the *Globe* Fire and Life Insurance Company, one of the Hon. Secretaries of "The Statistical Society," and Editor of its *Journal*. This distinguished gentleman says, in his speech on Mr. Brown's paper, reported in the *Insurance Gazette* for July, 1857,—that the experience of most fires showed that *not above one-third of the property burnt was insured*, and he showed clearly that it was for the benefit of the public that insurances should be spread over as wide a surface as possible.

Amongst the most earnest and consistent friends of the abolition of this duty is the *Insurance Gazette*, a monthly journal, devoted to the advocacy of the principles of insurance, and to the criticism of the condition of the various institutions which conduct that class of business. In its number for March 1, 1857, it dealt at great length with Mr. Coode's Report, the sophistry of which it fully and fearlessly exposed. It was the first public journal to take up the cause of "abolition." We may, therefore, just refer briefly to



its views of Mr. Coode's "defence" of the tax. In reply to Mr. Coode's assertion, that "it was difficult to regard the tax as a serious ground of complaint," the *Gazette* fairly asks why he did not go into the question as to "the unfairness of taxing destructive property which is liable to sustain damage, and to cause expenso for the purpose of renewals and repairs, while farming stock went free?" Mr. Coode describes the objection to the impost, that it is a "tax on prudence," as "merely rhetorical." The *Gazette* says:—" 'Merely rhetorical,' Mr. Coode, how do you make that out? Is it 'merely rhetorical' to pay two parties—the Government and the insurance office—instead of paying the latter alone? Is it 'merely rhetorical' to pay one of them, *for nothing*, far more than you pay to the other for a substantial advantage? Is it 'merely rhetorical' to see your house and furniture destroyed, and 'as the devouring element is proceeding upwards,' as penny-a-liners say, to have the mortifying reflection that, but for the Government stepping in with this tax upon your prudence, your premium would have been far less; and yet, instead of being a beggar with merely what you 'stand upright in,' you might have been insured to the full extent of what you lose?" Mr. Coode, himself, admits that the average premium of the offices is a mere trifle as compared with the duty imposed by the Government, which gives nothing whatever in return.

The *Insurance Gazette* goes on further to argue, that "a duty on fire insurance is a duty *against* fire insurance, and therefore a premium upon improvidence." It also sets forth powerfully the hardship of the duty upon the humbler classes, as for instance with respect to the insurance of tools by the workmen in large manufacturing establishments. It is well known that whenever a fire may take place in some large commercial concern, a vast body of *workmen* feel the loss to an extent quite unknown by their employers, since if the capitalist should be insured even to the extent of 50 per cent. on the property destroyed—while he *might* have insured to the full value but for this obnoxious and oppressive duty—the mere workman loses all his tools—the savings, perhaps, of years—and goes without any recompense. The master can begin again although he has paid the severe penalty of insuring to a sum below his actual risk; but not so with the operative, whose tools were his stock in trade, and who is consequently beggared by the fire which destroys them.

The *Sun*, evening newspaper, in a leader, writing on this question, has observed:—"The workman who by little and little has seraped together from his boyhood upward, a set of tools on which he prides himself, and which enables him to pursue his calling with credit and with moderate success, leaves them behind him when his work is over, goes home, and retires to rest, to be awakened by the fire engine, whose wheels herald the sad intelligence that the factory is on fire, and his tools, his bread-earners, his means of living, are consumed! It is very easy to say those persons *ought* to have been

insured; of course they ought; and here is our objection to the tax. It *prevented them!* Had the cost of insurance been one-half its existing amount, there can be but little doubt but that they *would* have insured; but, *the extra money represented by the tax*, could only have been paid by the sacrifice of some comfort or positive necessary of life, and the consequence was that this insurance of their property was postponed! What but injury to society and to the individual can reasonably be looked for from a tax such as this? Is not the ratepayer already burdened enough? Is there not human misery in abundance already, *without offering this premium upon improvidence?*"

The *Sun* concludes by showing that it is ridiculous to defend the tax because it is a tax on "realized property." The tools of the workman are "realized property," but the stock of the shop-keeper and warehouseman are largely on credit; and it adds—"The tax, in short, *is defensible on no ground whatever.*"

But while deploring the pernicious effects of this tax on the poor, we must not overlook the fact that it is so oppressive in its nature as materially to discourage assurances, even amongst the more opulent sections of society, and that the results to them are proportionably injurious. Many mill-owners, merchants, warehousemen, and others, with destructible property in stock to an enormous extent, would, but for the duty, insure to the full amount of risk. But what is the case now? Why, with the duty existing it would cost them some hundreds a year to perform this act of prudence, and hence they are tempted to run a risk they would otherwise most scrupulously avoid.

It is a fact undisputed that many merchants and wholesale houses in London insure for little more than one-half of the risk; and hence, when a fire takes place, their losses are enormous, even where their wealth may be such that the destruction of their property does not entail a ruin so complete as that which awaits men on a smaller scale, in a similar contingency. The Fire Insurance *duty* on some of the vast firms which are the pride and glory of the metropolis of this country, amounts to no less a sum than 500*l.* a year! Taxation such as this, while to the more princely establishments a matter of comparative indifference, is, to the classes below them, respectable and prosperous though they be, a subject of serious importance. In fact, such a tax is, to the commercial classes generally, an enormous injury, seeing that it is, and cannot fail to be, a most potent discouragement to would-be insurers. Nor must we forget that these very classes, on whom the duty presses so heavily, would be among the first to increase very largely their insurances were the duty to be reduced. They would do so, no doubt, to an extent which would go a great way to recompense the Treasury for the sacrifice made in the reduction of the duty. This we think can hardly be denied, and thus we see that the duty is not merely wrong in principle, and injurious in its effects, but that its reduction would tend to rectify itself in the manner we

have indicated. The merchants and traders of London and our large cities being so deeply interested as we have shown them to be, would consult their own interests, as well as perform an act of the most undoubted public service, if they would support by their personal and pecuniary influence those who seek to bring about a reduction of the duty.

The tax is wrong in principle because it is a tax of 200 per cent., nearly one-half of which is a war tax, after many years of continued peace. It is wrong in principle because it is a heavy rate of duty imposed upon general property, while farming stock goes free.

Let us hear what the *Times* says on February 24th, 1857 :—

“When the Chancellor of the Exchequer made his Financial Statement the other day, he alluded to a Report on Fire Insurance Duties, as containing new and authentic information on this question, and as calculated to produce an effect upon the opinions hitherto entertained. The least we could do after such a recommendation was to give the document an early and attentive perusal, and the public shall now have the benefit of our pains.

“Without expatiating on any historical statistics, we may briefly premise, that since the year 1801 the stamp duty on a policy of Fire Insurance has stood unchanged at the sum of 1*s.*, and the percentage duty at 3*s.* for every 100*l.* of the sum insured since 1815. Now, considering that the premium or payment required for the insurance itself amounts, in cases of ordinary hazard, to only 1*s.* 6*d.* for every 100*l.* insured, it follows that every man insuring his property on these terms, after paying the whole sum demanded by the office, pays just twice as much more in the shape of a tax to the Exchequer. As such a rate of taxation is, fortunately, very uncommon, and there is obviously nothing about the practice of Fire Insurance which should subject it, like dram-drinking, to any penal duties, people have called the justice of the impost in question, and have bestirred themselves in the matter, as establishing a pretty strong case for the consideration of this, as well as other taxes, when reductions or mitigations were rendered feasible by the state of the national finances. The Chancellor of the Exchequer, however, refuses even this moderate amount of assent on the point, and declares his conviction that ‘it is one of the last duties which ought to be relinquished.’ If Sir Cornewall Lewis has accepted, without qualification, all the conclusions of the report alluded to, we are not much surprised at the state of his opinions, for, certainly, according to the views given in this document, the tax is one of which all classes alike ought to be positively enamoured.

“And, first, as to the rate of the duty. Doubtless, as 1*s.* 6*d.* per cent. is found by experience to be a remunerative premium, an additional charge of 3*s.* per cent., in the shape of a Government duty, represents a tax of 200 per cent. on the article. However, on a point like this, the only way, of course, is to strike an average, and the report admits that altogether the duty and premium, taking one case with another, are just about equal, that is to say, that the

tax on the article, though not 200 per cent., is cent. per cent. beyond a doubt. So much for its rate.

"Take, again, the other great point involved—the nature of the act subjected to this heavy taxation. We think the natural deduction from the arguments of the report would be, not that the duty is unusually light, but that it is unusually severe. If property is, indeed, the result of prudence, and if this prudence has already been sharply taxed at every successive stage of its exertions, it might surely plead for some exemption when its object had been at last obtained. Negligent or imprudent owners may escape it altogether, and very large proprietors may elude it by becoming their own insurers. What would be thought of a horse-tax which was laid, not upon horses, but upon the locks of stable doors? Why, moreover, if the duty is only a form of direct taxation, should it be levied upon property, such as house property, which has already paid its own duty of this very kind? We are very well aware that there is no tax which is not more or less hurtful, and against which more or less ease cannot be made out. We are aware, too, that we must needs raise a large revenue; but when the duty on Fire Insurance is exhibited to us as a piece of positive excellence, and specially recommended for admiration and preservation, we feel bound to protest against the assumption, and the conclusion, too."

Let us hear also what that same influential Journal said on April 6th, 1860:—

"The close of last week brought to us quarter-day—a fact which it may seem almost unnecessary to record. We have a motive, however, for doing so. On that day there was due to Government from certain taxpayers of the kingdom the sum of 300,000*l.*, or thereabouts, and the same amount will be levied in each of the three succeeding quarters of the year. Altogether, something like 1,300,000*l.* will thus find its way into the Exchequer as a contribution to the revenue, and, as the amount is considerable and the principle of the tax quite unique, we ask for the attention of the public while we examine its bearings. This seems the very time for reductions and readjustments. Silk Duties, Wine Duties, Customs' Duties of all kinds have been doomed to extinction, and *we shall be much surprised if we cannot make out a case against the impost of which we are speaking*—the Duty on Fire Insurance.

"Thousands of our readers will have found in their letter-boxes during the last few days a certain obliging reminder from their insurance offices, and which adopts this method of intimating that, unless a specified sum be paid within fifteen days, the guarantee desirable against fire will cease and determine. The offices, however, are wise in their generation. They are at the pains of analyzing their demands, and of discriminating in the very terms of their notice between their own dues and the exactions of Government. The premium, or payment required for



the purpose of insurance, is so much—the Government duty on the transaction is so much more. The first point, therefore, for consideration, is the proportion between these two constituent parts of the sum—the next is the general character of the tax itself.

“On the former of these heads, the case presents, as few will deny, a very startling aspect. The Government duty exactly trebles, in ordinary instances, the original demand. The premium commonly required by insurance offices is 1*s.* 6*d.* per cent. That is the consideration for which they will guarantee an insurer against loss by fire. Supposing that no particular or unusual risk attend the transaction, the offices will insure any property to the extent of 100*l.* in value for the payment of eighteenpence per annum. On the back of this, however, comes the Government tax, and that tax is *three shillings* per annum, so that the whole amount claimed by the insurance office becomes 1*s.* 6*d.* Compare this with other taxes, and the impost will be found almost prohibitory. Even brandy was never made three times as dear as it need be. We have been taking, too, a mere unit of measurement—the single 100*l.*; but multiply it, and see how the figures run up. It is no great thing to insure for 2,000*l.* What with stock in the case of a tradesman, and ordinary property in the case of independent householders, nothing is easier than to find this amount of obligation incurred. Be it remembered that the reckoning must include every article in the house from top to bottom—not only the furniture, the plate, and the wine, but the wearing apparel of every member of the family, and all, in short, which a fire would consume. Now, as far as the necessary charge goes, an insurance office would take the whole risk for 1*l.* 10*s.* per annum, whereas the duty levied by Government actually swells the demand to 4*l.* 10*s.* The insurer is thus taxed 3*l.* upon 30*s.*—a proportion perfectly enormous.

“Let us now consider the character of the tax itself. Of course, in some sense it is a direct tax, and also in some sense a tax upon property, but we venture to say that never yet was a property tax so levied. Mr. Bright proposed the other day to place a tax upon property. His scheme did not find much favour with the public, but its principles were at least more reasonable than those of the Insurance Duty. He would have taxed a property alike, without allowing imprudence to bring a right of exemption; but he would not have treated a tradesman's stock as property, or levied his tax upon goods obtained merely for the purposes of sale. In the Insurance Duty no cognizance whatever is taken of property until its owner wishes to secure it against the risk of fire. A man with 5,000*l.* worth of plate or furniture in his house is not called upon for a penny, provided he choose to remain uninsured; whereas his neighbour, with a stock in trade worth 500*l.*, must pay 15*s.* yearly to Government, besides 7*s.* 6*d.* to the insurance office, if he wishes to be guaranteed against

ruinous loss. The tax, therefore, is levied, not upon property, but upon the act of securing it. If a man chooses to run the risk of being beggared, Government will encourage him in his recklessness by exempting him from a tax; if he is too cautious to incur this peril, he must pay for his wisdom. It is in vain to argue that the duty does not really operate in this manner, and that the amount is too small to deter anybody from insuring his goods. The duty turns a payment of 1*l.* into 3*l.*, and it would be preposterous to suppose that the latter obligation would be accepted as freely as the former. *If a reduction of 200*l.* per cent. upon the cost of a thing will not bring it into more common use, what becomes of all the speculations on which Mr. Gladstone founds his Budget?* What is the good of cheap silk or cheap claret unless cheapness means increased custom in the article? If there is truth, as assuredly there is, in the relations traced between price and consumption, it follows necessarily and directly that the heavy duty upon insurance discourages the practice of insuring, and that a premium is thus placed by legislative enactment upon culpable imprudence.

"We perfectly remember a little blue-book issued some three or four years ago, in which the operation of the Insurance Duty was described in terms of unbounded admiration. The reporter on the subject declared his opinion that the tax, for a tax, was incredibly well conceived, and that, by some strange peculiarity of incidence, it suited all parties and injured none. To these doctrines we shall offer only a single answer. *If the Insurance Duty is so mysteriously beneficial, what has induced farmers to deprive themselves of the advantage? The insurance of farming stock is exempt from duty, and farming stock is insured, accordingly, to the value of nearly 70,000,000*l.* Are we really to understand that agriculturists enjoy no privilege in this respect?* Or, may we not rather assume that, as farming stock is liable to combustion and ought to be protected by insurance, the Legislature designed to encourage prudence by removing a tax which stood in its way? We think there can be little doubt on this head, and we think also that what is good for farmers is good for the rest of the community. The obligation of providing against a ruinous contingency is as binding upon one man as another; but, without drawing any comparison between the claims of classes, we are quite content that the Insurance Duty should be judged by its own demerits. It cannot be defended as a property-tax, for it is not a tax to which property, as such, is liable. It cannot be defended from its incidence on the rich, for it is the middle class which most feels it. The owner of fifty houses can be his own insurer, and can cover his risk by his annual savings of premium and duty together. Neither is the tax insignificant in its amount, for its produce is nearly equivalent to that of the old Window Duty, and is levied from fewer persons besides. *Of its effect in*

*discouraging prudence we have said enough already, and if the result of the whole survey does not suffice to condemn this tax, there can be very few taxes too bad for defence."*

The tax is wrong in principle, because, as Mr. Brown says, in concluding his paper, "There can be little doubt of the fact, that the tax is generally felt to be oppressive and in excess, that it discourages to a very serious extent the prudent practice of insurance, and consequently leaves a very large amount of property unprotected, and that the reduction of the duty even to 1s. 6d. per cent. would in a very short time so augment the proceeds as to show no material difference in the revenue, whilst it would place this country more on a level with the position which it ought to occupy for its wealth and greatness, compared with the other nations of Europe, in which such rapid strides have been made within a few years in the development of the most useful and beneficent system of insurance."

Even Mr. Coode himself, in his Report as the retained advocate and official defender of the tax on the part of the Government, admits freely that what he calls "*the present useless exemption of agricultural insurances*" is in itself a "valid objection" to the fire duty as now imposed. Such being the case, it surely behoves our agricultural friends to reflect upon the dangers of their position. What do *they* think of the so-called "useless exemption"? Would they like to be again taxed? A bold and dashing style of policy in finance is very much in vogue just now, and a re-imposition of the tax upon them is not more unlikely than some things we have seen come to pass. Surely, then, it is to their interest rather to support our endeavours to get a reduction of the fire duties than, by their indifference or opposition, to tempt the towns and trading classes to clamour for a measure which should tax farming stock in common with other insurances. We speak as to wise men, and we do trust that the "country party" will carefully reflect upon the subject and act with their usual candour in this matter. Should they do so, they will, we think, arrive at the conclusion, that the surest way to avoid the re-imposition of the duty on agricultural insurances, is to go for the ultimate abolition of such tax on *all* insurances, commencing by an immediate reduction to 1s. per cent.

## CHAPTER IV.

WHAT HAS BEEN DONE, AND WHAT MUST BE DONE, TO BRING  
ABOUT THE RESULT WE HAVE IN VIEW.

The first public effort which was made with the view of securing the reduction or abolition of this tax, of a magnitude sufficient to warrant reference to it here, was set on foot in the year 1854, when a number of the offices united to petition the Government on the subject. But, from a variety of causes, into which it is not now necessary to enter, these proceedings were attended with no practical issue.

For a time there was a lull, and nothing worthy of mention was done in the affair. Still the necessity of action was so obvious, that early in 1856, a committee of gentlemen interested in the question was formed, under the title of "Association for the Abolition of the Duty on Fire Insurances," by Mr. John Day, of St. George's, Southwark, who became the honorary Secretary. The question was taken up with some spirit, and received considerable assistance from the *Insurance Gazette*, which fully expounded the merits of the question, and urged the Fire Offices to resume their action. Unfortunately, however, but little in reality was effected towards the accomplishment of the object in view, partly, perhaps, in consequence of the limited area of the society's operations. Still the nucleus of a grand organization existed; for at this early period, no fewer than 16 Members of Parliament and about a dozen gentlemen of influence, ex-M.P.'s, had consented to act as patrons.

From a variety of circumstances in the management, the "Association" lacked funds and languished. Still the press generally adhered to the cause, and the *Insurance Gazette*, which continued to take a lively interest in the matter, from time to time, besought the society either to enter at once upon a course of activity, or to make way for men who would do so. It would obviously have been detrimental to the success of the cause to have started another society, as that would have presented an appearance of antagonism, and the new Association would have had to do over again, at considerable cost, a large amount of preliminary work. What then was to be done? The situation was undoubtedly one of great delicacy and much difficulty; and how to extricate the Association from the dilemma in which it was placed was a source of anxious solicitude on the part of the Committee. At length two gentlemen who were managing the "Association for the Equalization of Poor Rates," in its parliamentary action, with considerable success,



were solicited by the Honorary Secretary to take the matter in hand, and by an extended sphere of operation, to elicit the feelings of the public on this most important question. Messrs James and Maxfield at once undertook the duties, as agents; and the condition of "suspended animation," in which the Association had so long remained, was speedily put an end to. The energies which were now put forth, in a wider sphere of action, met with a cheerful response in the generous support of the public—a support which, if kindly continued, makes ultimate success a matter of certainty.

In March, 1859, Mr. H. B. Sheridan, M.P. for Dudley, brought forward a motion for the reduction of the duty from 3s. to 1s. per cent. A number of conferences were held with Mr. Sheridan, as well as with such other members as seemed likely to support the motion. Nor were these exertions without some effect, since, when the motion was pressed to a division, there were 102 in favour of it, and only 112 against it—a not very formidable majority of ten! Such a result was, of course, most encouraging, and must have shown the Government that this was one of those motions which, if made "annual," as it must be, they would speedily be forced to accept.

In addition to repeated conferences with M.P.'s, a deputation waited upon the Chancellor of the Exchequer, to whom they fully explained the subject. The right hon. gentleman listened to their arguments with great attention, and promised to consider seriously of the proposal for reduction. The "Association" now became very influential for good, and that its labours had not been altogether in vain, the foregoing decision of the House of Commons will show.

We have now arrived at the Session of 1860, when the Association naturally looked forward to a speedy abolition of the tax, or at any rate to such a reduction of it as would diminish materially its very injurious effects. An energetic canvass was set on foot, and many petitions numerous and influentially signed were got up and presented. Mr. H. B. Sheridan, M.P., on May 4th, 1860, moved for leave to bring in a bill to reduce the tax from 3s. to 1s. per cent. The hon. gentleman was listened to for about an hour with an amount of attention but rarely accorded to a young member, and on a division being taken, there were 84 for, and 108 against the reduction, leaving the Government with a narrow majority of 24, (which the Committee cannot help considering highly encouraging,) seeing that the Government made a sharp "whip" for their supporters, whereas many of the friends of reduction were from various causes absent. The pairs were nearly 100 in number, showing that on this occasion nearly 400 members actually expressed an opinion on the subject. No doubt results even still more satisfactory would have been arrived at, but for the fact that the early part of the session was occupied with the discussion of the budget; and many of the warmest sup-

porters of the reduction of these duties felt it politic to allow the measure of the Chancellor to be first passed into law. This will account for the motion having come on at so advanced a period of the session; but the Chancellor of the Exchequer, without in the least pledging himself to any particular course of conduct, encouraged Mr. Sheridan to re-introduce the question in 1861.

But the reader, who is by this time disposed to support the movement, will begin to inquire at what *cost* all these exertions have been made? This is a reasonable query and shall be frankly responded to. We have seen that, not to mention other evidences of progress, two such divisions were obtained in the House of Commons as rarely fall to the lot of the promoters of a public movement so early in the history of their exertions, at a total expense of 2,352*l.* 16*s.* 6*d.*, or an average of little more than 500*l.* a year (a mere secretary's salary in many cases) for working expenses of every description, and that in spite of the lengthened period of preliminary inaction, and of the inevitably heavy cost of collecting subscriptions towards the support of such an undertaking. Under these circumstances, the Committee appeal with confidence to all those who may be favourable to the movement, and hope that their appeal may be liberally responded to. If so much has been done in only two years of actual active exertion, what may we not expect from another period of the same duration, if the Association is supported as it ought to be by those who have the means of seconding its exertions? Even that calm statistician, Mr. Leone Levi, writing without suggestions from "The Association," and possibly in ignorance of its very existence, thinks it not possible to continue the tax longer than 1864,\* and we should hope that its doom is sealed, even though for a time we have to content ourselves with a reduction to 1*s.* per cent.

The total number of petitions presented in favour of the object now amounts to 73, which have had 21,404 signatures, in addition to a large number now ready, and have included petitions from the following important towns, headed by the mayor, aldermen, &c., and followed by those of the leading merchants, manufacturers, and other influential residents:—

Leeds, Bridgewater, Bradford, Halifax, Leicester, Birmingham, Huddersfield, Glasgow, Edinburgh, Greenock, Paisley, Manchester, Bristol, Rochdale, Oldham, Bolton, Preston, Blackburn, Bury, Ashton-under-Lyne, Staleybridge, Clitheroe, Hull, Brighton, Southampton, Winchester, Lewes, Hastings, Leith,

\* Mr. Leone Levi, F.S.A., F.S.S., Barrister-at-Law, Professor of the Principles and Practice of Commerce in King's College, London, stated in a paper read before the "Statistical Society," January 17, 1860, and published in the *Journal* of that Society in March last, that this important tax "*must certainly be remitted*," and that, "therefore, no further calculation of its further progress beyond 1864 need be made." Such testimony should have its due weight with both Parliament and the public.

Dunfermline, Dundee, Bath, Sunderland, Gateshead, Inverness, Aberdeen, Montrose, Forfar, Arbroath, Banff, Elgin, Brechin, Dublin, Belfast, Cork, Waterford, Limerick, Dundalk, Londonderry, Drogheda, Sheffield, Derby, Nottingham, Plymouth, Exeter, Hull, Maidstone, Rochester, Chatham, Dover, Margate, Ramsgate, Canterbury, Frome, Stroud, Gloucester, Cheltenham, and others.

The following is the form of Petition :—

“TO THE HONOURABLE THE COMMONS OF THE UNITED KINGDOM OF GREAT BRITAIN AND IRELAND IN PARLIAMENT ASSEMBLED.

“*The humble Petition of the undersigned Merchants, Manufacturers, and Traders of the ———*

“Sheweth—

“That your Petitioners consider that a duty of three shillings per cent. per annum on Fire Insurances, amounting in most instances to Two Hundred per cent. on the charge for risk, is oppressive on the Mercantile and prudential portion of the community; and that its effects are to prevent insurances in many cases altogether, while, in other instances, insurances are effected only on the *minimum*, instead of the *maximum* value of the property.

“That the object of the Government of this country should be, to encourage every prudential act that may tell on the welfare of the people; but the operation of this duty induces recklessness, by its enormous annual charge on the manufacturing, trading, commercial, and other portions of the community.

“That in consequence of this excessive duty, not more than one-third of the insurable property of this country is protected from loss by fire.

“That the amount of farm stock insured in the various offices of this country exceeded, in the year 1859, the sum of seventy-four millions sterling, paying no duty; and your Petitioners consider that no sufficient reason can be stated to justify the fact, that one portion of Her Majesty's subjects should pay an annual duty of Two Hundred per cent., while another section is altogether exempt from the operation of this excessive and impolitic impost.

“Your Petitioners, therefore, humbly pray your Honourable House will immediately take measures for the repeal or the reduction of the duty on Fire Insurances, injuriously pressing, as it does, on the mercantile, commercial, and prudential portion of the community.

“And your Petitioners will ever pray, etc.”

So much for *what has been done*; let us now address ourselves to *what may, and in fact must be done*, in order to secure the object we have in view.

First, of course, we must appeal to those who *have aided the*

Committee heretofore, to be kind enough to continue their assistance, and, where possible, to increase it. We would say with the poet (slightly altered)—

“ Let those help now, who never helped before,  
And those who always helped, now help the more.”

As to those who have *not* given their money, or lent their influence to promote this movement, if they have followed us thus far, even cursorily, they must have been fully convinced that our object is good—that the tax is a needless nuisance, which ought to be abated—that it is wrong in principle and hurtful in practice—that the result of its abolition, or even of any material reduction of it, would be not merely to confer a great boon on the owners of property, but also to produce a rapid and enormous increase in the amount of property insured, and consequently in the prosperity of the Insurance Companies and their agents; that so great would be this increase of fire insurances, that it would gradually assume proportions of such magnitude as that the loss to the revenue which some anticipate from the reduction, would be—if loss there were—scarcely appreciable; that the duty *must* be reduced, before very long, while its utter extinction is only a question of time and expediency; and, finally, that “the Association” is the only existing organization attempting to secure the reduction of the tax, and it, therefore, not only deserves cordial support, but ought to *have* it.

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## CHAPTER V.

SHOWING WHY THE FIRE INSURANCE COMPANIES OUGHT TO TAKE  
THE MATTER UP, AND SUPPORT THE EFFORT NOW MADE.

They would profit immediately and immensely by the reduction “the Association” advocates. Such a diminution of duty would give an immediate and immense impulse to the Fire Insurance business, and, therefore, increase the prosperity of those who conduct it.

We are unwilling to allow such an assertion, self evident though it may appear, to go forth upon our unsupported testimony. Let us hear Mr. Brown, than whom, the great institutions to which we are now appealing, will cheerfully admit there is no higher living authority. He is refuting Mr. Coode’s views as to the effect of the abolition of the duties on the insurances of farming stock, and observes:—

“ Of course, if his previous arguments are correct, that we have already reached nearly the full limits of insurance of duty-paying property, there could be no great increase if the tax was taken off;



but we have already seen *how unreasonable such a supposition is*, and consequently we may safely reply that whilst agricultural stock rapidly came within the limits of insurance, till perhaps it approaches nearly to the full insurable value of such property, an immense amount of other property would be open to the operations of the insurance companies, and would reward the exertions of the companies with new business, in the same rapid manner as the insurance of agricultural stock increased after the exemption was first accorded. It is remarkable, that whilst Mr. Coode contends that no great increase in the insurance of agricultural stock has followed the abolition of the duty, as compared with other property still subject thereto, he gives a table, which to my mind proves the very reverse, and I consequently insert the comparison.

*Increase of Property Insured.*

	Subject to Duty.	Exempt from Duty. Farming Stock.	
	Increase per Cent.	Increase per Cent.	Diminution.
2 years, 1835-6 .....	4.13	8.78	...
5 years, 1837 to 1841 .....	11.04	19.61	...
5 years, 1842 to 1846 .....	12.75	15.32	...
5 years, 1847 to 1851 .....	7.09	6.29	...
5 years, 1852 to 1856 .....	14.60	...	.05

"From this table it is evident that in the first two years of the remission of the duty, the insurance of farming stock did increase at more than double the rate of other insurances; that in the following five years it increased at the rate of 80 per cent. more, in the next five again at 20 per cent. more, and that it was only when it may be reasonably supposed that the effect of the abolition of the duty had passed away, and when in fact the impulse that had been given to the business had done its work, that the amount remains stationary."

He very justly remarks—"But, though useful to prove that the remission of duty will lead to the increase of insurance, there seems no reason why agricultural stock should be exempted, in preference to any other kind of property; and if the rate of duty should be diminished to one-half, it would be but just to those who are compelled to pay at all, that it should be replaced on the old footing, and charged equally with other property."

We would commend to those offices and agents who still support the tax, or remain indifferent to the question, the following passage from the same high authority:—

"It seems to be inferred by Mr. Coode that the offices generally prefer leaving the duty as it is, because it helps to increase the allowance to the agencies, and that the public generally take little

interest in the matter. There may be, no doubt, a *few* companies which, for various reasons, may be *indifferent to a change*. It does not accord, however, with sound policy for them to contend for their agencies being supported by a commission from a Government duty, from which they get but a small profit, to the exclusion of their own proper business, which, if the agents exert themselves to procure the same income by commission on premiums, would benefit the companies and the public as well, since insurance is generally admitted on all hands to be a public benefit. There is no reason to believe that the companies which support the present high rate of duty, levied to the discouragement of their business and the burden of the public, are either the majority in number or the most influential in position, though one or two may deservedly rank high. On the contrary, so far back as 1836, a letter was addressed to the Chancellor of the Exchequer, signed on behalf of some of the leading fire insurance companies by the secretaries or managers, when the result of the conference with the Minister with the deputation appointed to wait upon him for the purpose of discussing the question relative to the proposed total exemption of 'barns, stables, and other out-buildings, *bona fide* used for agricultural purposes,' from the 3s. annual duty on fire insurances, became known. In this letter they earnestly press for a more comprehensive and enlarged consideration of the bearing of the fire insurance duty; they point out that the pressure of taxation, though not sufficient to crush the growth of insurances, has long been felt most seriously to depress their natural buoyancy and expansion, that it tends to encourage a person to stand his own insurer for a portion of his property, and that the 3s. duty is heavy enough to act as a bounty to leave it uninsured. The records of fires prove the fact, and it is considered no exaggeration to say that *greatly more than half the property of the country is uninsured*. In districts where fires are not very frequent, it is their conviction that the duty has the most powerful and pernicious effect, nearly totally restraining the practice, and in all cases the charge of a 3s. duty against a 1s. 6d. premium (the rate charged for full half of all the existing insurances) leads to the closest economy of the sums insured, independent of the cases which it altogether excludes from insurance. A rate of taxation of 200 per cent. (*nearly one-half of which is a war tax after twenty years' continued peace*) presses heavily on the industrious classes, and the smaller class of capitalists and traders who cannot become their own insurers without a risk, ruinous to their fortunes and credit.

"The managers of these offices, however, not relying wholly on these arguments, represent their clear and unshaken conviction, that a large and general reduction of the rate of duty would be far from injurious to the revenue, in any proportion to its nominal sacrifice; and consider that a capital half as large again as that now protected would be ultimately brought to pay to this

branch of revenue; and that a duty of 1s 6d., in lieu of 3s., would not be felt so as to retard the progress of the business. At the same time they suggest that *the total exemption for one sort of property, whilst so heavy a rate of duty is left upon all others, is calculated to create dissatisfaction with the public, and prejudice the chance of a fair consideration of the general question.* This document is signed by the managers or secretaries of the Sun, Royal Exchange, Guardian, Globe, Phoenix, Westminster, Imperial, Union, London Assurance, Atlas, County, and Alliance, names well known as the leading offices in London. *It rebuts the assertion that the offices generally support the continuance of the duty at its present rate."*

The *Post Magazine* of June 26th, 1856, complaining that the offices had done little to secure the repeal of this duty, says:—"This is the more remarkable, seeing the enormous power possessed by the Insurance Companies, both as regards the amount of money involved in their operations, and the position of the parties by whom it is contributed. Almost every person who insures a house, or the furniture within it, is an elector; and we cannot help thinking that if proper organization and vigorous action had been adopted, the matter would have been settled long ago."

The offices, and the agents—the insured, and the uninsured—ought therefore to support this movement; for, with a reduction of the duty, they would, vast masses of them, have that protection which the present enormous tax, and it alone, is now the means of keeping from them!

Not only would large numbers insure, with a reduced duty, who now neglect it altogether, but those who now insure only partially, would then insure more largely; and probably to compare the effects of the reduction of the fire duties with the reduction of the postal rates, in addition to those insuring who neglected it before, those who all along insured would then absolutely spend more money in insurances than they ever before had done. With the high postal rates, many ingenious devices were put in motion to economise the expenditure for postages; but a host of these, if not the whole of them, were swept away when the reduced rates came into operation. So no doubt it would be with respect to Fire Insurances. The penny post is now called into operation for purposes to which its application was never dreamt of in the days of high postages; and so, no doubt, though in a less degree, being limited by the extent of insurable property, we should find varieties of insurance which now no one thinks of. In this way most folks now spend a great deal more money per head in the aggregate of postages than they used to do, *although* (and no doubt *because*) the individual postages are lower. So it would be no doubt in regard to insurances. Nor must we forget the important fact that this increase would be principally visible on the part of that class of insurers who, while duty is levied at all, will have to pay the lion's share of it, viz., those who want to insure heavy risks, and extensive properties.

Such persons would undoubtedly, when insurance became cheaper, not merely spend as much upon it as they do now, but in many cases double the amount. This is invariably the result of lowering rates.

What comparison is there between the total amount which any one of us expends now in penny postage, and what we used to spend when the postages were high? The author has taken the trouble to inquire a little into the statistics of this subject; and finds that in 1839, the *last* year of the *old* rate of postage, 76 millions of letters were delivered in the United Kingdom, whereas in 1840, the *first* year of the *uniform penny* rate, nearly 169 millions of letters were delivered, being an increase of 122 per cent. in the very first year, although there had not then been time for the development of a thousandth part of that vast system of profitable commercial intercourse, which, with a return of higher postage, would come instantaneously to a miserable end.

The author made similar inquiries as to the money order system, and find, that, during the year ending 5th January, 1840, 188,921 money orders, amounting to 313,124*l.*, were issued in the United Kingdom. During the whole of this period, the charge made for the issue of orders was 6*d.* for a sum not exceeding 2*l.*, and 1*s.* 6*d.* for any sum above 2*l.* and not exceeding 5*l.* But mark the effects of a cheaper rate. In the course of the year 1840, the commission charged for the issue of money orders was reduced from 6*d.* and 1*s.* 6*d.* to 3*d.* and 6*d.*, and the returns for they ear ending 5th January, 1841—even although, during a portion of it, the higher rates of commission were charged—show that 587,997 orders amounting to 960,975*l.* were issued. Such a fact speaks volumes!

In the next year, viz., that ended 5th January, 1842, the number had increased to 1,552,845, and the amount to 3,127,507*l.*—thus in *two years of reduced rates*, the business of this very useful department of the public service *increased to ten times its original extent*, and it has now reached the enormous sum of thirteen millions sterling per annum. Let us place these remarkable figures in juxtaposition, in order the better to appreciate their force:—

Year ending	RATES.	Number of Orders issued.	AMOUNT.
		£.	£.
January 5th, 1840	6 <i>d.</i> and 1 <i>s.</i> 6 <i>d.</i>	188,921	313,124
" " 1841	3 <i>d.</i> and 6 <i>d.</i>	587,797	960,975
" " 1842	" "	1,552,845	3,127,507
" " 1859	" "	6,969,108	13,250,930

The money order department was for some years carried on at a positive loss to the revenue, but at present a profit of upwards



of 30,000*l.* per annum is derived from it—a striking illustration of the sound philosophy of reducing the duties imposed upon acts of prudence or necessity. An enlightened minister of state, such as we have in Mr. Gladstone, will freely admit the weight which proper precedents ought to have with a Chancellor of the Exchequer. Now, these are two cases selected from Governmental experience. In both instances the result has been truly astonishing—such, in fact, as will enable the right hon. gentleman to calculate correctly the probable effect of a reduction of the fire duties. The increase of property insured would be so great, under a reduced duty, that it really becomes worth while to consider whether we are after all asking for any great sacrifice of revenue. We have seen the extraordinary development of letters and money orders as a result of reduced rates. It would be exceedingly interesting were it possible to determine what is the probable extent of the difference, *if any*, between the sum which would be produced by a shilling duty, and that which is now raised by the rates which exist? The author is firmly convinced that that difference would be by no means so great as is commonly supposed, and that, as the amount of property insured from year to year increased, it would be a difference which would grow “small by degrees and beautifully less.”

We are, therefore, after all, asking not so very great a favour of the Exchequer as many seem to think. But Chancellors are naturally averse to the reduction of a duty levied with a little trouble, cheaply collected, and considerable in amount. We must, however, press our suit perseveringly with Mr. Gladstone. That right hon. gentleman has shown great moral courage in the practical execution of his fiscal notions, and we may hope that he will, in 1861, consent to the abandonment of what, at the worst possible, can only be two-thirds of the tax, but which, we feel convinced, will very speedily be far less than *one-third*, if it even be as much as that.

But we need not pursue, with further detail, the pourtrayal of results which must so obviously—so inevitably—ensue from a reduction of this most obnoxious impost.

Having traced the advantageous consequences to the offices, the agents, the insured, and the uninsured—that is in fact to every section of society—which would certainly be conferred by a reduction of the duty, let us now proceed to inquire *what would be the consequences of the continuance of the present oppressive tax of 200 per cent.*? Persons are encouraged, nay tempted, by the present heavy duty, to neglect insuring at all, and those who do insure, do so to a far smaller extent than would be the case if the duty were reduced. Let the offices and agents ponder this point; *their* part of the premium would be the same, that is, the part of the premium which is taken for the risk, while the additional amount insured would be just so much *extra* to the extent of the proportionate premiums poured into their coffers above and

beyond what they now are enabled to secure. It is not the premium paid them for the risk undertaken, but the premium paid the Government for doing nothing at all, that we seek to diminish.

Nor are the public themselves without an interest in this portion of the question, since the offices—when insurance becomes general, instead of only one-third of the insurable property of the country covered, as is now the case—*might* in many instances feel inclined to accept lower rates than those which now are charged. This again would be a stimulus of a very potent character. In fact, the more the subject is considered by men of a practical turn of mind, the more extensive and inevitable the advantage is seen to be which a reduction of the duty could not fail to bring about, whereas with the present heavy tax, insurances are not merely checked, but they are absolutely driven back. "*The practice of not insuring at all,*" says Leone Levi, "*is gaining ground.*" Such is the dictum of this laborious and accomplished statistician, a gentleman who deals with naked and proved facts, and not with mere suggestions or anticipations. The managers of the offices no doubt are convinced of all this; but they will pardon our prolixity on the point, since we write not for them alone, but for the great masses of the people whose means of information have been more limited on the subject.

## CHAPTER VI.

### CONCLUSIONS.

To what conclusion, then, do these considerations force us? To the conviction that it is not merely the *duty* of the offices and agents to further this movement to the utmost of their ability and with all the wondrous celerity and power which their vast organizations offer in every portion of the kingdom, but that it is positively to their commercial interest to aid us by all the means within their reach; that, in short, it is one of the simplest and most certain methods they could possibly adopt to secure an immense and, we may add, immediate extension of their business.

Surely we need say no more on this head. If we have not made out "a good case" for the assistance of the offices and agents, we are at a loss to conceive a good case possible. When both social duty and commercial interest unite to point out a particular line of conduct, what more need be said? We have indeed too lofty an opinion, not merely of the high principle of our fellow-countrymen, but of their business sagacity, to imagine for a moment that such an appeal can long be made in vain.

Had we space to spare we might say a few words on the subject, but must content ourselves with what when prudence and forethoughtfulness are incubated as a habit, and adopted as a practice, the repetition of the solitary act becomes in course of time a *habit*. A man who, stimulated by the reduction of the duty, begins to think more seriously on the subject, and insures his property against fire—or where already partially insured, goes on to a fair amount—will not be so likely as aforetime to neglect an insurance on his life; or where already partially insured, to neglect increasing it to a sum in proportion to his circumstances. Again, the agent will be brought into contact with the parties through their fire insurances,—both those which are made for the first time, and those which are mere extensions of insurances previously existing,—and on such occasions, if he be at all worth his salt for the work in which he is engaged, he will know well how to drop in a “word in season” as to life policies. Here then will be a great help as to new business in the life department; and offices and agents, therefore, transacting life assurance *only*, will find it to their interest to support the reduction of these duties.

Such being the case, the Committee appeal to them with confidence, feeling assured that, as now constituted, “The Association” is adapted to bring about the great result at which it aims; and that it is in all respects such an organization as they should assist in the accomplishment of an object so desirable, both by their voluntary subscriptions, and by the influence they command through their agencies in all parts of the kingdom. Any subscriptions will be thankfully received and faithfully applied. Any suggestions for the furtherance of the object will have due attention given them, and the Committee will gratefully avail themselves of any other aid where it may be offered.

As to the general public, especially those insuring or desiring to insure to any large amount, it is only necessary to point out the fact, that a moderate subscription in aid of this object, will be but a very slight per-centage of the annual saving to be effected in their premiums when the duty is once reduced; and it is surely worth while to make the *small present payments* to get rid of a *heavy and obnoxious annual taxation*.

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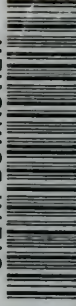
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